

Message Text

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FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC PRIORITY 8661

C O N F I D E N T I A L KINSHASA 5794

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E.O. 11652: GDS

TAGS: ECON EAID CG

SUBJECT: IBRD CONSULTATIVE GROUP FOR ZAIRE

REF: STATE 166010

1. SERGE GUETTA, LOCAL IBRD REPRESENTATIVE, CALLED ON AMBASSADOR JULY 7 PRIOR TO VISIT BY IBRD ZAIRE DESK HEAD WIEHEN NEXT WEEK. GUETTA CONFIRMED WIEHEN WILL INFORM GOZ OF IBRD'S PLANS TO REORGANIZE ITS OPERATIONS IN ZAIRE ALONG LINES DESCRIBED PARA 2 REFTEL. GUETTA EXPRESSED HIS PERSONAL VIEW THAT REORGANIZATION IS A MISTAKE, THAT IBRD SHOULD NOT BE REDUCING ITS STAFF HERE (FROM 7 TO 4) AT TIME WHEN LEVEL OF ITS ACTIVITIES WILL REMAIN UNDIMINISHED FOR FORESEEABLE FUTURE AND WHEN IT IS BEING ASKED TO HELP SET UP AND RUN NEW GOVERNMENT ENTITY TO MANAGE FOREIGN DEBT. GUETTA ACKNOWLEDGED, HOWEVER, THAT IBRD WOULD GO AHEAD WITH REORGANIZATION AND THAT HEAD OF REDUCED IBRD MISSION HERE, A TURKISH ECONOMIST NAMED SONMEZ, IS HIGHLY COMPETENT AND WELL-LIKED BY GOZ. EMBASSY'S CONTACTS WITH SONMEZ CONFIRM THIS ASSESSMENT. AS FOR DEBT MANAGEMENT INSTITUTION, GUETTA SAID THAT DESPITE SLOW START HE WAS CONFIDENT IT WOULD SOON BE IN OPERATION AND THAT CNECI BANK DIRECTOR, NGOLE, HAD ALREADY BEEN DESIGNATED AS ITS HEAD. HE FEARED, HOWEVER, THAT IBRD'S REDUCED STAFF WOULD DETRACT FROM HELPFUL ROLE IT COULD PLAY FROM STANDPOINT OF PROVIDING TECHNICAL AND ADVISORY SERVICES IN IMPORTANT AREA OF FOREIGN DEBT.

2. ON QUESTION OF RECONSTITUTING CONSULTATIVE GROUP FOR ZAIRE, GUETTA EXPRESSED RESERVATIONS ON TWO COUNTS. THE FIRST CONCERNED

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TIMING. HE SAID HE THOUGHT THERE SHOULD BE NO RPT NO FORMAL

MEETING OF CONSULTATIVE GROUP UNTIL AFTER PARIS CLUB MEETS AGAIN AT END OF THIS YEAR TO DISCUSS DEBT RESCHEDULING FOR 1977. IF THIS MATTER NOT RESOLVED FIRST, ANY MEETING OF CONSULTATIVE GROUP WOULD INEVITABLY TURN INTO MEETING OF CREDITORS WITH FOCUS ON DEBT PROBLEMS. IN ANY CASE, GUETTA SAID, IT WOULD BE WASTE OF TIME FOR CONSULTATIVE GROUP TO MEET UNTIL IBRD'S CURRENT REPORT ON ZAIRE IS APPROVED AND AVAILABLE, AND THIS HE DID NOT ANTICIPATE BEFORE THE END OF THE YEAR. GUETTA'S SECOND OBJECTION TO RECONSTITUTING CONSULTATIVE GROUP IS THAT IT IS NOT A VERY USEFUL FORUM FOR THE TYPE OF CLOSE COORDINATION AMONG KEY DONORS THAT HE THOUGHT ZAIRE'S CRITICAL SITUATION REQUIRED. HE RECALLED THAT LAST MEETING OF THE GROUP, HELD IN PARIS IN NOVEMBER 1973, WAS LARGE, FORMAL AFFAIR WHICH DISCOURAGED DIALOGUE AND YIELDED FEW RESULTS. HE THOUGHT BETTER APPROACH WAS TO HOLD MORE INFORMAL CONSULTATIONS IN KINSHASA LIMITED TO KEY DONORS. AS FOR GOZ, GUETTA WAS SURE IT WOULD WELCOME EARLIEST POSSIBLE MEETING OF CONSULTATIVE GROUP IN HOPES OF OBTAINING MORE HELP.

3. IT IS EVIDENT THAT GUETTA, WHO WILL BE RELUCTANTLY LEAVING ZAIRE LATER THIS MONTH, IS NOT AT ALL ENTHUSIASTIC ABOUT EITHER IBRD'S REORGANIZATION PLANS OR IDEA OF REVIVING CONSULTATIVE GROUP. WHILE WE DO NOT SHARE HIS RESERVATIONS ABOUT UTILITY OF RE-CONSTITUTING FULL CONSULTATIVE GROUP, WE BELIEVE HIS CONCERN ABOUT TIMING OF GROUP'S MEETING VIS-A-VIS NEXT SESSION OF PARIS CLUB MAY HAVE SOME VALIDITY. WOULD BE HELPFUL TO HAVE DEPARTMENT'S VIEWS ON THIS PARTICULAR POINT, PARTICULARLY IN VIEW OF INDICATION CONTAINED REFTTEL THAT WIEHEN WILL SEEK TO COORDINATE WITH US NEXT WEEK ON APPROACHING GOZ.
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